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**Formal Complaint to the Washington State Public Disclosure Commission  
Relating to an Elected Official or Candidate for Public Office**

Name of Official or Candidate: Chad Minnick

Address of Official or Candidate: 19030 Lenton Place SE #616

Official's or Candidate's Monroe, WA 98272  
City State Zip Code

home address: 19315 Rainier View Rd. SE, Monroe, WA 98272

Official's or Candidate's Telephone: \_\_\_\_\_  
(Include Area Code)

Official's or Candidate's E-Mail Address: \_\_\_\_\_  
(If known)

Your signature: Meredith Mechling

Your printed name: Meredith Mechling

Street address: 13624 Chain Lake Rd.

City, state and zip code: Monroe, WA 98272

Telephone number: 360-794-9104

E-Mail Address: (Optional) \_\_\_\_\_

Date Signed: 9/15/08

Place Signed (City and County): Monroe Snohomish  
City County

**Complaint: (Attach Complaint and Certification)**

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**Certification for a  
Complaint to the Washington State Public Disclosure Commission Relating to an  
Elected Official or Candidate for Public Office  
(Notary Not Required)**

I certify (or declare) under penalty of perjury under the laws of the State of Washington that the facts set forth in this attached complaint are true and correct.

Your signature: Meredith Mechling

Your printed name: Meredith Mechling

Street address: 13624 Chain Lake Road,

City, state and zip code: Monroe, WA 98272

Telephone number: 360-794-9104

E-Mail Address: (Optional) \_\_\_\_\_

Date Signed: 9/15/08

Place Signed (City and County): Monroe Snohomish  
City County

\*RCW 9A.72.040 provides that: "(1) A person is guilty of false swearing if he makes a false statement, which he knows to be false, under an oath required or authorized by law. (2) False swearing is a misdemeanor."

COMPLAINT ATTACHED

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September 12, 2008

Phil Stutzman  
Director of Compliance  
Public Disclosure Commission  
711 Capitol Way, Room 206  
PO Box 40908  
Olympia, WA 98504-0908

RE: Complaint against Chad Minnick

Dear Mr. Stutzman,

This is a formal complaint against Chad Minnick, an incumbent candidate for Monroe City Council in 2007. I believe he has committed multiple violations of the Public Disclosure Law.

1. **Failure to maintain campaign books within five business days; failure to maintain campaign books within one business day during 8 days prior to election; failure to make certain books of account available for inspection; failure to report subvendor information** (Alleged violation of RCW 42.17.080(5), and WAC 390-16-205).

Despite actively campaigning with multiple direct mail pieces and a proliferation of new yard signs, Mr. Minnick's campaign reports did not reflect these obvious expenditures. His opponent's campaign manager therefore scheduled an appointment to inspect his campaign books on 11/6/07. As treasurer for his opponent, I attended and took notes. A reporter for a local newspaper observed.

When asked to produce invoices for his numerous direct mail ads, he produced only three invoices, all from IQ Direct (direct mail vendor) and all were dated 11/6/07. When asked why the invoices were all dated 11/6/07, he said,

***"Because the guy hadn't gotten them to me—I called him last night and asked him to send them to me."***<sup>1</sup>

However, Mr. Minnick had already made the following payments to IQ Direct as of Election Day:

- 9/26/07 \$ 345.18      Data and mailing lists (Schedule A dated 10/15/07)
- 10/1/07 \$1955.52      Direct mailers (Schedule A dated 10/15/07)
- 11/1/07 \$1303.68      Mailings (Schedule A dated 12/05/07)

It seems logical that those invoices, or some other form of documentation, must have been available to Mr. Minnick when he made those payments. It is unclear how IQ Direct could have applied those three payments without invoices.

We specifically asked to see books of account pertaining to the printing of the numerous direct mail ads, but Mr. Minnick could not produce any invoice or other documentation. When asked why not, he stated, ***"I don't have all my invoices."***

During the inspection, Mr. Minnick would not reveal the name of his print vendor(s) even after being asked several times. This appears to be a violation of **WAC 390-16-205**, which requires

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<sup>1</sup> IQ Direct Invoice No. 4510 - \$651.84; No. 4511 - \$651.84; and No. 4512 - \$350.87, all dated 11/6/07 (from my notes taken during the inspection)

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that a campaign provide subvendor information when using the services of a political consultant.<sup>2</sup> Without this law, campaigns could avoid disclosure of information about their expenditures by making expenditures through their consultant.

(Mr. Minnick cannot claim ignorance of this particular law, since only a few months prior to this, at the PDC's request, he had amended a Schedule A report from his prior campaign to show the subvendor information for \$1000 his campaign paid to Minnick & Minnick).

Mr. Minnick knew in advance of the meeting what documents he was required to produce, since he had discussed this issue in a phone conversation with Tony Perkins that very day, at 11:26 a.m. prior to the inspection.

According to the PDC's phone report dated 11/6/07 from 11:21 to 11:26 a.m., Mr. Perkins advised Mr. Minnick that he needed to make available "***all books of account, which includes not only any ledger he's maintained of contributions and expenditures (at a minimum, copies of his C-3s for the contributions, and his check register for expenses) but also all backup documentation. Examples would be Quickbooks or Excel listing of contributions and expenditures, if he had created one, invoices and receipts.***" (See exhibit No. 1).

Inspection of a campaign's books is especially useful when a campaign is suspected of incomplete or improper reporting. In cases where a campaign is unable or unwilling to provide documentation during the inspection, the only way to verify advertising expenses is to inspect the books of the commercial advertiser. RCW 42.17.110 and WAC 390-18-050 provide that "any person" may inspect during normal business hours books of account of a commercial advertiser pertaining to political advertising.

Mr. Minnick's failure to maintain complete invoices or other documentation of his campaign expenses and refusal to provide the name of his print vendor(s) further aggravated his incomplete campaign reporting. It is not a difficult campaign task to maintain invoices and receipts and they should have been readily accessible, especially during the eight days public inspection period preceding the election.

Please note that in a memo dated 9/19/03 from former Assistant Director Susan Harris to the Public Disclosure Commissioners, referring to WAC 390-16-205, Ms. Harris stated:

"Staff will strictly enforce this provision following enhanced filer education."

2. **Late and/or incomplete reporting of campaign expenditures; failure to report orders placed, debts or obligations** (Alleged violation of RCW 42.17.080 and .090).

Literature - As of the time of the inspection of campaign books on 11/6/07, Mr. Minnick had not reported any printing expenses other than \$141.04 on 9/27/07 for "ink cartridges," \$141.04 on 10/2/07 for "ink cartridges," \$282.08 on 10/4/07 for "Toner Cartridges for printing", and \$350.00 on 10/20/07 as an in-kind contribution from "Chad Minnick" for "printing of mailer."<sup>3</sup> (See Schedule B dated 10/28/07, Exhibit 2). There were no expenditures reported for professional printing. He did not report orders placed.

<sup>2</sup> WAC 390-16-205 requires expenditures made by a consultant on behalf of a candidate to be reported as if made by the candidate directly. If a consultant orders printing on behalf of a candidate, the candidate is required to report the name of the printer and the amount paid for the printing service.

<sup>3</sup> On the evening of 11/6/07 Minnick corrected this to state the contribution was really from Minnick & Minnick, Inc.

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His campaign by this time had produced at least five or six direct mail pieces.<sup>4</sup> (One mailer, "Progress Through Leadership", was sent out twice during the campaign; our household received it twice). At least three were produced in full color on glossy paper stock, not the type that could be produced on a home printer, and are representative of the types of literature that Minnick's company charges other campaigns to produce. (See Exhibit 3). The following is a list of the literature produced, although it may not be a complete list:

Children's Coloring Book  
Endorsement from Councilman Robert Zimmerman  
Progress Through Leadership (full color, professionally printed)  
You Have Better Things to Do (full color, professionally printed)  
What Others Say (full color, professionally printed)

Yard Signs – As of 11/6/07, Chad Minnick had not reported any expenditure for yard signs, even though he had erected new yard signs all over Monroe.

During inspection of the campaign books, we noted a check written to Signco for \$651 dated 10/12/07. Because Mr. Minnick could not produce an invoice, Signco's records were later reviewed, revealing that he placed the order for 150 signs on 10/5/07. He picked up the order and paid for them on 10/12/07.

Mr. Minnick should have reported this on his 21-day pre-general election C-4, as well as the 7-day pre-general election report.

It should be noted that based on an inquiry from a member of the public, the PDC contacted Mr. Minnick by e-mail on 9/20/07 and asked him to explain why he had not yet reported yard sign expenditures or any other expenditures. Mr. Minnick responded, "***The yard signs I have posted are from my last campaign. I have made no expenditure of yard signs for this election cycle.***" (See Exhibit 4) Knowing that the yard sign expenditure was already a concern, Mr. Minnick's failure to report the order he placed on 10/5/07 (only two weeks later) is significant.

Postage/Mailing Expenses - At the time of the inspection of his campaign books on 11/6/07, Mr. Minnick had reported paying \$1955.52 to IQ Direct on 10/1/07, and \$345.18 on 9/26/07, but those invoices were not made available for viewing. As noted above, he was only able to produce three IQ Direct invoices, all of which were dated 11/6/07, for a total of \$1654.55 (See page one, footnote 1). His post election C4 reported an expenditure to IQ Direct of \$1303.68 (paid 11/1/07) and \$350.87 (paid 11/13/07).

Mr. Minnick's 7-day pre-general C4 reported that he had only spent **\$4,676.39** on his campaign as of 10/28/07. An amended "final report" C4 filed 12/19/07 reveals a much higher number--**\$8109**--as the total expenditures during the campaign.

### 3. Failure to timely report contribution from Affordable Housing Council (RCW 42.17.080)

The Affordable Housing Council (AHC) reported that it made a \$500 contribution to Chad Minnick on 8/7/07. Mr. Minnick did not report this until 9/21/07. According to a PDC Phone Report dated 9/27/07, Jennifer Jarabek, representative of the AHC, said that "fairly soon after she rec'd the check, she contacted Chad to arrange delivery." Minnick stated to Tony Perkins that the Affordable Housing Council "***never told me an amount***" and that he was "***out of the country at the time, and not in any position to accept donations.***" However, a 9/27/07 email from Tony

<sup>4</sup> Without seeing invoices, it is difficult to know for sure how many mailings were actually produced, when they were produced, or how much money was actually spent.

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Perkins to Chad Minnick states that Ms. Jarabek said *"she initially contacted you via email about the contribution."* (See Exhibit No. 5)

When asked by Tony Perkins to produce the email(s) received from the Affordable Housing Council, Minnick responded, ***"They weren't anything of significance so I didn't keep them."*** (It is unclear whether the PDC asked the AHC to produce the relevant e-mails they sent to or received from Mr. Minnick).

Once Mr. Minnick became aware that the Affordable Housing Council had written him a check, it was his responsibility to report it in a timely manner.<sup>5</sup> If he did not know the amount, he could have e-mailed them, whether he was out of the country or not<sup>6</sup>. While out of the country, Mr. Minnick electronically filed PDC reports on August 31st and continued to post on his internet blog during this time. (See exhibit No. 6)

It is unclear why Mr. Minnick chose not to appoint a treasurer for a campaign during which he would be out of the country for an extended period of time.

#### **4. Failure to accurately report in-kind contributions from Minnick and Minnick, Inc.**

Chad Minnick also failed to fully report the fair market value of in-kind contributions for professional services provided by his firm, Minnick and Minnick, Inc. Minnick's firm charges other campaigns for the types of services it provided to his own campaign, such as photography, layout, and graphic design and printing.

An email from Tony Perkins to Chad Minnick on 11/9/07 stated:

*"My advice is that at least some of the work you performed on your campaign should be disclosed as an in-kind contribution. The reason is that the definition of "contribution" in RCW 42.17.020(15)(a) includes "anything of value, including personal and professional services for less than full consideration..."*

The final paragraph of that email states:

*"Once you've determined the value of your in-kind contributions, and the date they were received, you should file amended C-4 and Schedule B reports as necessary." (See Exhibit 7)*

Mr. Minnick delayed almost four weeks after that email to report a \$244.13 in-kind contribution from Minnick & Minnick, Inc. for "printing of mailer", received on 10/31/07 and reported 12/5/07, and six weeks (12/19/07) to report three more in-kind contributions of \$324.97 (received 12/11), \$434.00 (received 12/20), and \$25.03 (received 10/20/07).

A few examples of how Minnick charges other campaigns for his services are submitted as exhibit No. 8:

- John Serben's campaign in 2006 paid Minnick & Minnick \$5425.50 on 10/12/06 for "Design, layout for mailer", another \$5425.00 on 10/18/06 for "Mail piece design, layout production" and on 10/23/06 another \$5425.00 for "Design, layout production."

<sup>5</sup> WAC 390-05-215 defines receipt of a campaign contribution to include "the date that the candidate, treasurer, deputy treasurer, campaign manager, campaign chairperson or similarly situated campaign official is informed of the contribution..."

<sup>6</sup> The 3/13/07 edition of the *Monroe Monitor* reported on Mr. Minnick's poor council meeting attendance record: *"While out of the country or away from meetings, he said, he keeps in touch via e-mail."*



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- On 4/29/08 Mahlon Priest's campaign paid Minnick & Minnick \$3,086.83 for "design, printing of doorbeller."
- The Jeffrey Possinger campaign paid Minnick & Minnick \$1340.00 for "professional services photo shoot" on 9/29/04.
- The Kimberly Halvorson campaign paid Minnick & Minnick \$750.00 on 11/1/06 for "professional services design."
- Jeffrey Possinger Campaign (2004) received an in-kind contribution from Chad & Julie Minnick of \$1250.00 for "Logo & Sign Design, Campaign Image."

Another example is from Chad Minnick's prior **2003** city council campaign, which paid Minnick & Minnick \$1000 for a mailing (not including postage) on 10/16/03.<sup>7</sup> If a single mailing in 2003 cost \$1000, how could it be possible that the combined fair market value of at least five or six direct mail pieces in 2007 is only \$1378.13?

In **2003** the Minnick campaign spent a total of \$2373.52 for literature printing. (It looks like there were four direct mail pieces sent out). Three out of the four were printed by Calico Press, and it is assumed the graphic design/photography/layout was done by Minnick & Minnick, although there is no mention of such in-kind contributions from Minnick & Minnick. None of his 2003 mailers were in full color. It seems logical that full color literature produced four years later would cost more. Additionally, there were 247 more registered voters in 2007 than in 2003.

Only one other Monroe candidate has ever come close to producing the number of direct mail ads that the Minnick campaign produced: Ken Berger produced a similar amount of mailings in 2005 and his total literature printing costs were \$5833.91.

While it is understandable that Minnick (the political consultant) does not want his clients to see the mark-up he receives as a print broker, as a candidate he is required to report the fair market value of in-kind contributions, the names of the subvendors his consulting firm uses to produce his political advertising, and the amounts paid to them.

Mr. Minnick's rather unique dual-identity as both the candidate and the candidate's political consultant should not give him license to conceal the nature of his expenditures.

**5. Failure to file LMC Reports; possible receipt of more than \$5000 from single entity in last 21 days (RCW 42.17.105)**

According to Mr. Minnick's 10/22/07 C3 report, his campaign received a second contribution from the Affordable Housing Council of \$500 on 10/17/07. This triggered the requirement for a special report (LMC) since it represented a contribution in the aggregate of \$1000 or more from a single entity during the 21 days prior to the election. This LMC report is due within 48 hours of receipt.

A second violation of RCW 42.17.105 was likely committed, since \$1000 or more in the aggregate of in-kind contributions was received from Minnick & Minnick, Inc. in the 21 days prior to the general election. These numbers were taken from the Schedule B reports as follows:

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<sup>7</sup> Up until 6/28/07 Mr. Minnick had claimed the \$1000 expenditure was for yard signs. After the PDC questioned the expenditure, he filed an amendment, 44 months late.

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➤ 10/20/07	\$ 25.03
➤ 10/20/07	\$350.00
➤ 10/31/07	\$244.13
➤ 12/11/07*	\$324.97
➤ 12/20/07*	\$434.00
	1378.13 TOTAL

Clearly the \$324.97 and \$434.00 in-kind contributions reportedly received 12/11 and 12/20 were actually received by the campaign when the mailings were printed and available for use by the campaign.

The \$1378.13 amount apparently does not include the in-kind contribution for the graphic design/photography/layout for his various direct mail pieces, a service for which Mr. Minnick's firm normally charges other campaigns. I suspect it reflects only the amount his subvendor(s) charged him for the printing.

Whether the fair market value of Minnick & Minnick, Inc.'s in-kind contributions during the last 21 days was more than \$5000 is hard to determine since he did not allow access to records showing the details of the various political ads, such as dates orders were placed, names of subvendors, and quantity of pieces printed and mailed.<sup>8</sup> RCW 42.17.105(8) prohibits any person from making or a campaign receiving more than \$5000 from a single entity in the 21 days prior to the election. If the \$5000 threshold was exceeded, then it is a violation for both Chad Minnick, the candidate, and Minnick & Minnick, Inc.

#### 6. Misrepresentation of Loans and in-kind contributions

Prior to the evening of the election Mr. Minnick had misrepresented the true identity of loans and in-kind contributions made to his campaign. A few hours after the inspection of his books, he amended reports to state that loans and in-kind contributions were not actually made by him personally, but by Minnick & Minnick, Inc., a completely different legal entity.

In addition, the Schedule L filed on 10/15/07 reports a loan "still owed" to Chad & Julie Minnick of \$434.00, made on 10/9/07. However, Schedule L (Part 1) is not available on the PDC's website.

#### 7. Filing of Multiple Amendments after Election.

It appears Mr. Minnick significantly under-reported his expenditures prior to the election, then filed a barrage of amendments, twelve the evening of the election and another sixteen amendments over a month later, on 12/19/07. Such convoluted reporting makes it extremely difficult to know exactly what happened, especially when the same reports are amended multiple times (see exhibit 8). Yet even after the multiple amendments, the true picture of his campaign finances is not revealed.

If the Public Disclosure Commission decides that compliance may be achieved by filing numerous amendments after an election, it will set a precedent for future campaigns to do likewise. Campaigns receiving contributions from controversial or tainted sources will see this as a green light to hide that information before the election, and file amended reports after it is too late to do the voting public any good.

<sup>8</sup> RCW 42.17.105 (8) It is a violation of this chapter for any person to make, or for any candidate or political committee to accept from any one person, contributions reportable under RCW 42.17.090 in the aggregate exceeding fifty thousand dollars for any campaign for statewide office or exceeding five thousand dollars for any other campaign subject to the provisions of this chapter within twenty-one days of a general election. This subsection does not apply to contributions made by, or accepted from, a bona fide political party as defined in this chapter, excluding the county central committee or legislative district committee.



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Keeping the voters in the dark until it's "safe" after the election is not in keeping with the PDC's Mission Statement "...to provide timely and meaningful public access to information about the financing of political campaigns." (Emphasis added)

#### History of Noncompliance with RCW 42.17

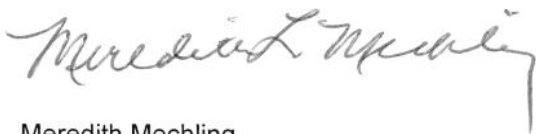
Mr. Minnick has had past violations of RCW 42.17. Most recently, in March 2008 he was fined for violating RCW 42.17.060(5) on "numerous occasions" in 2003 for accepting cash contributions totaling \$3230 (43% of his total contributions) without obtaining or maintaining receipts. I believe the lack of such basic record-keeping caused the investigation into allegations that he had concealed the true source of campaign contributions to be much more difficult and costly to the PDC and consequently the taxpayers of this state. Chad Minnick, the political consultant, told the PDC that "**he paid no attention to the form that contributions came in, whether that was 'cash, check, money order or food stamps.'**"<sup>9</sup>

In 2003 Chad Minnick paid a fine for failing to timely file his Personal Financial Affairs statement (F-1). In 2005 the PDC found that Mr. Minnick failed to timely file an F-1 supplement showing the reportable business customers of his consulting firm, but because Mr. Minnick said it was an "inadvertent oversight", the complaint was dismissed.

As a professional political consultant, a candidate in five elections, and founder, campaign manager and occasional treasurer of the Foundation Group PAC for over two years, Mr. Minnick is in a better position than most candidates to understand and follow campaign finance law.

I respectfully request the Public Disclosure Commission investigate Mr. Minnick's 2007 campaign for compliance with RCW 42.17.

Please let me know if you have any questions or if I may provide further information. You may reach me at 360-794-9104.



Meredith Mechling

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<sup>9</sup> Report of Investigation, PDC Case No. 07-014, page 10.

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**List of Exhibits**

1. Phone report dated 11/6/07 documenting phone call from Chad Minnick to Tony Perkins regarding "Inspection of Books of Account."
2. Schedule B report dated 10/28/07 showing in-kind contribution of \$350.00 from Chad Minnick for "printing of mailer."
3. Campaign flyers
4. E-mails dated 9/20/07 between Chad Minnick and Tony Perkins regarding "Inquiry regarding 2007 campaign filings."
5. E-mails dated 9/27/07 between Chad Minnick and Tony Perkins regarding "Affordable Housing Council."
6. Electronically filed C-4 dated 8/31/07 and web page from Minnick's blog showing post on 8/21/07 while he was out of country
7. E-mail dated 11/9/07 from Tony Perkins to Chad Minnick regarding reporting of in-kind contributions from Minnick & Minnick, Inc.
8. Examples of what Minnick's firm charges other campaigns for services
9. Print-out showing twenty-eight amended reports
10. Web pages from Minnickandminnick.com